



[Billing Code: 4810–31–P]

DEPARTMENT OF THE TREASURY

Alcohol and Tobacco Tax and Trade Bureau

27 CFR Part 9

[Docket No. TTB–2020–0002; Notice No. 187]

RIN: 1513–AC54

Proposed Establishment of the Verde Valley Viticultural Area

AGENCY: Alcohol and Tobacco Tax and Trade Bureau, Treasury.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Alcohol and Tobacco Tax and Trade Bureau (TTB) proposes to establish the approximately 200 square-mile “Verde Valley” viticultural area in Yavapai County, Arizona. The proposed viticultural area is not located within, nor does it contain, any other established viticultural area. TTB designates viticultural areas to allow vintners to better describe the origin of their wines and to allow consumers to better identify wines they may purchase. TTB invites comments on this proposed addition to its regulations.

DATES: Comments must be received by [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may electronically submit comments to TTB on this proposal, and view copies of this document, its supporting materials, and any comments TTB receives on it within Docket No. TTB–2020–0002 as posted on Regulations.gov (<https://www.regulations.gov>), the Federal e-rulemaking portal. Please see the “**Public Participation**” section of this document below for full

details on how to comment on this proposal via Regulations.gov, U.S. mail, or hand delivery, and for full details on how to view or obtain copies of this document, its supporting materials, and any comments related to this proposal.

FOR FURTHER INFORMATION CONTACT: Karen A. Thornton, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Box 12, Washington, DC 20005; phone 202–453–1039, ext. 175.

SUPPLEMENTARY INFORMATION:

Background on Viticultural Areas

TTB Authority

Section 105(e) of the Federal Alcohol Administration Act (FAA Act), 27 U.S.C. 205(e), authorizes the Secretary of the Treasury to prescribe regulations for the labeling of wine, distilled spirits, and malt beverages. The FAA Act provides that these regulations should, among other things, prohibit consumer deception and the use of misleading statements on labels and ensure that labels provide the consumer with adequate information as to the identity and quality of the product. The Alcohol and Tobacco Tax and Trade Bureau (TTB) administers the FAA Act pursuant to section 1111(d) of the Homeland Security Act of 2002, codified at 6 U.S.C. 531(d). The Secretary has delegated the functions and duties in the administration and enforcement of these provisions to the TTB Administrator through Treasury Order 120–01, dated December 10, 2013 (superseding Treasury Order 120-01, dated January 24, 2003).

Part 4 of the TTB regulations (27 CFR part 4) authorizes TTB to establish definitive viticultural areas and regulate the use of their names as appellations of

origin on wine labels and in wine advertisements. Part 9 of the TTB regulations (27 CFR part 9) sets forth standards for the preparation and submission of petitions for the establishment or modification of American viticultural areas (AVAs) and lists the approved AVAs.

Definition

Section 4.25(e)(1)(i) of the TTB regulations (27 CFR 4.25(e)(1)(i)) defines a viticultural area for American wine as a delimited grape-growing region having distinguishing features, as described in part 9 of the regulations, and a name and a delineated boundary, as established in part 9 of the regulations. These designations allow vintners and consumers to attribute a given quality, reputation, or other characteristic of a wine made from grapes grown in an area to the wine's geographic origin. The establishment of AVAs allows vintners to describe more accurately the origin of their wines to consumers and helps consumers to identify wines they may purchase. Establishment of an AVA is neither an approval nor an endorsement by TTB of the wine produced in that area.

Requirements

Section 4.25(e)(2) of the TTB regulations (27 CFR 4.25(e)(2)) outlines the procedure for proposing an AVA and provides that any interested party may petition TTB to establish a grape-growing region as an AVA. Section 9.12 of the TTB regulations (27 CFR 9.12) prescribes standards for petitions for the establishment or modification of AVAs. Petitions to establish an AVA must include the following:

- Evidence that the area within the proposed AVA boundary is nationally or locally known by the AVA name specified in the petition;
- An explanation of the basis for defining the boundary of the proposed AVA;
- A narrative description of the features of the proposed AVA affecting viticulture, such as climate, geology, soils, physical features, and elevation, that make the proposed AVA distinctive and distinguish it from adjacent areas outside the proposed AVA boundary;
- The appropriate United States Geological Survey (USGS) map(s) showing the location of the proposed AVA, with the boundary of the proposed AVA clearly drawn thereon; and
- A detailed narrative description of the proposed AVA boundary based on USGS map markings.

Verde Valley Petition

TTB received a petition from the Verde Valley Wine Consortium, on behalf of the local grape growers and winemakers, proposing to establish the approximately 200 square-mile “Verde Valley” AVA in Yavapai County, Arizona. The petition notes that the entire geological feature known as “Verde Valley” encompasses approximately 714 square miles, most of which is National Forest land. The proposed AVA, however, encompasses a much smaller area and excludes much of the public lands that are unavailable for viticulture. Although an effort was made to exclude as many public lands from the proposed AVA as possible, including Montezuma’s Castle and Montezuma’s Well National

Monuments and the Prescott and Coconino National Forests, approximately 33 percent of the land within the proposed Verde Valley AVA is still part of either the Prescott or Coconino National Forests. The petition states that it was not practical to draw a boundary that would exclude all Federal land because several of the vineyards within the proposed AVA are “islands” of private land surrounded on all sides by Federal land. The petition states that even with the amount of Federal land remaining within the proposed AVA, there is still plenty of privately owned land available for vineyards within the proposed boundaries.

The proposed AVA currently has 24 commercial vineyards, covering a total of approximately 125 acres. According to the petition, several existing vineyards are planning to expand by a total of an estimated 40 acres in the near future. In addition, there are 11 wineries located within the proposed AVA.

According to the petition, the distinguishing features of the proposed Verde Valley AVA are its climate, soils, and topography. The petition also included information about the geology of the proposed AVA. However, because the petition did not compare the geology of the proposed AVA to that of the surrounding regions and did not describe the effect geology has on viticulture, TTB does not consider geology to be a distinguishing feature of the proposed AVA. Unless otherwise noted, all information and data pertaining to the proposed AVA contained in this proposed rule come from the petition for the proposed Verde Valley AVA and its supporting exhibits.

Name Evidence

The proposed Verde Valley AVA is located within the larger valley of the Verde River in central Arizona. According to the petition, the region of the proposed AVA has been referred to as “Verde Valley” since 1583, when the Spanish explorer Antonio de Espejo recorded his travels in the area. With the passing of the Homestead Act in 1862, which granted land in the area to settlers who were willing make productive use of the land, pioneers began moving to the region and settled the town of Camp Verde. Later, Fort Verde was built to provide military protection for the residents.

The petition included several examples of written works that refer to the “Verde Valley.” An early geological study of the region, published in 1890, was entitled, “Thenardite, mirabilite, glauberite, halite, and associates, of the Verde Valley, Arizona Territory.”¹ A 1963 publication by the U.S. Department of Interior was titled, “Geology and Ground Water in the Verde Valley–The Mongollon Rim Region, Arizona.”² In 2012, the Lonely Planet travel site included the Verde Valley region in its Top 10 list of U.S. travel destinations for 2013. The article notes, “Between Phoenix and the Grand Canyon, the Verde Valley is taking off as Arizona’s go-to destination, and not just among the spa and crystal Sedona fans of years past.”³ Finally, an article about the wine industry in Arizona, published in a 2013 edition of the *In Business* magazine, states that the majority

¹ Blake, W.P. Thenardite, mirabilite, glauberite, halite, and associates, of the Verde Valley, Arizona Territory. (1890) *American Journal of Science*, vol. 39, number 229, pp. 43-45.

² Twenter, Floyd R., and Metzger, D.G. *Geology and Ground Water in the Verde Valley–The Mongollon Rim Region, Arizona*. Washington: Government Printing Office. 1963.

³ Reid, Robert. Top 10 travel destinations for 2013. *Lonely Planet*. December 2012. <https://www.lonelyplanet.com/travel-tips-and-articles/77583>.

of Arizona's wine grapes are grown in "the greater Willcox area and the Verde Valley."⁴

The petition also included several photographs of local businesses and organizations that use the term "Verde Valley" in their names. For example, the Verde Valley Fire District, Verde Valley Medical Center, and Verde Valley Montessori School all serve the region of the proposed AVA. The local newspaper, the *Verde Independent*, is published by Verde Valley Newspapers, Inc. A local hotel is named the Verde Valley Inn, and a ballet studio is named Verde Valley Ballet. Finally, the petition included a page from the local telephone directory which lists several other businesses that use "Verde Valley" in their names, such as Verde Valley Plumbing, Verde Valley RV Resort and Campground, and Verde Valley Self Storage.

Boundary Evidence

The proposed Verde Valley AVA is located in Yavapai County, Arizona, approximately 100 miles north of the Phoenix metropolitan area. The Verde River flows through the center of the valley from northwest to southeast, and steep foothills rise up around the valley. The northern boundary separates the proposed AVA from the Coconino National Forest. The northern boundary primarily follows the 3,800-foot elevation contour because, according to the petition, the terrain becomes too steep for cultivation above that elevation. The proposed eastern boundary follows a series of elevation contours to separate the proposed AVA from extremely steep terrain, as well as from the public lands

⁴ Stanton, Alison. Arizona's Growing Wine Industry. *In Business*. October 2013, pp. 20-21. <http://inbusinessphx.com/in-business/arizonas-growing-wine-industry>.

within the Coconino National Forest and Montezuma's Well and Montezuma's Castle National Monuments. The proposed southern boundary follows section lines on the U.S.G.S. topographic maps because, according to the petition, there were no other consistent features on the map to follow. The petition states that most of the land south of the proposed boundary is uninhabited and is part of the Coconino National Forest. The proposed western boundary primarily follows the 3,800-foot elevation contour, to exclude the steeper terrain of the Black Hills range and the public lands within the Prescott National Forest.

Distinguishing Features

The distinguishing features of the proposed Verde Valley AVA are its climate, soils, and topography.

Climate

The petition included information on the annual precipitation amounts, temperatures in degrees Fahrenheit (F), and growing degree day⁵ (GDD) accumulations within the proposed Verde Valley AVA.

Table 1: Average Annual Precipitation Amounts (2012-2017)	
Location (Direction from proposed AVA)	Average Annual Precipitation Amounts (Inches)
Proposed AVA	13.83
Fry Lake (North)	29.40
Bar M Canyon (East)	26.86
Baker Butte (South)	27.88
Prescott (West)	18.10

⁵ See Albert J. Winkler, *General Viticulture* (Berkeley: University of California Press, 1974), pages 61–64. In the Winkler climate classification system, annual heat accumulation during the growing season, measured in annual GDDs, defines climatic regions. One GDD accumulates for each degree Fahrenheit that a day's mean temperature is above 50 degrees F, the minimum temperature required for grapevine growth.

Average annual rainfall amounts within the proposed Verde Valley AVA are significantly lower than in the surrounding regions. Due to the low rainfall amounts, vineyard owners within the proposed AVA must use irrigation to ensure adequate hydration for their vines. The petition states that there are sufficient sources of groundwater within the proposed AVA for irrigation, and vineyard owners also employ water conservation methods such as drip irrigation and the use of agriculturally approved reclaimed water.

Table 2: Temperatures (2012-2017)				
Location (Direction from proposed AVA)	Annual Mean Temperature (Degrees F)	Maximum Temperature (Degrees F)	Minimum Temperature (Degrees F)	Annual Growing Degree Days Accumulations
Proposed AVA	64.1	117.0	12.0	5,580
Fry Lake (North)	49.0	94.0	-11.0	1,797
Bar M Canyon (East)	50.4	98.0	-10.0	1,727
Baker Butte (South)	53.3	94.0	6.0	2,668
Prescott (West)	57.7	104.0	2.0	3,544

Temperatures within the proposed Verde Valley AVA are warmer than in each of the surrounding regions and provide suitable heat and sunlight for photosynthesis. The warm daytime temperatures lead to high annual GDD accumulations. According to the petition, the temperatures and GDD accumulations within the proposed AVA are best suited for growing warm-climate grapes such as Syrah, Cabernet Sauvignon, Petite Sirah, Zinfandel, Malvasia Bianca, and Viognier.

Finally, the petition included a discussion of the difference between the daytime high temperatures and nighttime low temperatures within the proposed AVA and the surrounding regions. The petition referred to these temperature differences as “diurnal temperature swings.” Although temperatures in the proposed AVA are high during the daytime, cool nighttime air drains into the proposed AVA from the surrounding higher elevations and lowers the nighttime temperatures. As a result, the difference between daytime high temperatures and nighttime low temperatures within the proposed AVA can exceed 30 degrees F, which is a greater difference than found in any of the surrounding regions. According to the petition, such a significant drop in nighttime temperatures delays grape ripening, lessens the respiration of acids, and increases phenolic development in the grapes. The following tables show the mean diurnal temperature swings for each month during the growing season for the years 2014 to 2016.

Table 3: Diurnal Temperature Swings for 2014 (Degrees F)						
Location (Direction from proposed AVA)	Month					
	April	May	June	July	August	September
Within proposed AVA	37.7	38.8	41.3	32.1	29.5	31.0
Fry Lake (North)	28.3	30.0	35.4	27.7	23.7	24.1
Bar M Canyon (East)	31.7	32.9	38.7	30.0	26.8	27.3
Baker Butte (South)	19.7	20.9	23.2	21.9	18.7	16.2
Prescott (West)	30.3	30.5	33.3	25.8	25.0	26.6

Table 4: Diurnal Temperature Swings for 2015 (Degrees F)						
Location (Direction from proposed AVA)	Month					
	April	May	June	July	August	September
Within proposed AVA	37.3	33.0	38.0	32.2	34.4	33.9
Fry Lake (North)	26.6	22.7	30.4	25.1	26.5	26.3
Bar M Canyon (East)	33.0	30.6	35.7	28.0	29.4	30.4
Baker Butte (South)	19.9	18.7	20.8	19.6	20.5	18.4
Prescott (West)	30.2	26.1	31.2	24.6	26.1	28.7

Table 5: Diurnal Temperature Swings for 2016 (Degrees F)						
Location (Direction from proposed AVA)	Month					
	April	May	June	July	August	September
Within proposed AVA	35.4	36.0	39.5	36.8	29.8	32.2
Fry Lake (North)	24.9	26.6	32.7	29.2	24.4	25.0
Bar M Canyon (East)	28.7	30.6	37.0	32.3	27.2	28.9
Baker Butte (South)	18.5	19.5	23.1	22.1	18.0	16.7
Prescott (West)	27.6	28.1	31.1	28.1	24.4	26.3

Soils

The soils within the proposed Verde Valley AVA are primarily alluvial soils. According to the petition, the majority of the soils within the proposed AVA are of the Altar, Mule, Cornville, Anthony, Retriever, House Mountain, Cowan, and Arizo soil series. The composition of these soils ranges from very fine sandy loam to gravelly loam with silt and limestone. Traces of the Supai, Verde, and Martin Limestone formations can also be found throughout the proposed AVA.

The petition states that the soils of the proposed AVA generally provide appropriate water drainage and have above-moderate levels of nutrients,

although low calcium and magnesium levels are common. Additionally, the high bicarbonate levels in the groundwater of the proposed AVA have been found to increase soil pH and inhibit nutrient uptake in the vines. The petition states that these unfavorable vineyard conditions can be mitigated through rootstock, varietal, and clonal selections that can tolerate and even benefit from these nutrient deficiencies.

To the north and east of the proposed Verde Valley AVA, along the Mongollon Rim, the soils are described in the petition as “stony.” The most prominent soil series in these two regions are Broliar stony loam and Siesta stony silt loam. According to the petition, the remainder of the soil to the north and east of the proposed AVA is comprised of approximately 22 other defined soil series, most of which have the terms “stony” or “very stony” in their names. To the west and southwest of the proposed AVA, in the Black Hills, the soils are also typically stony. Major soil series in these regions include Broliar very stony clay loam, Soldier cobbly loam, Lonti-Wineg, and Lynx.

Topography

The proposed Verde Valley AVA is located within the basin of the Verde River. The petition describes the shape of this basin as a “bowl with a crack in it to the south where the river flows out of the valley.” The edges of the “bowl” gently slope down towards the valley floor at angles of 2 to 15 percent. Elevations within the proposed AVA range from approximately 3,000 feet to 5,000 feet, although most of the proposed AVA is below 3,900 feet.

The proposed AVA is surrounded on all sides by higher elevations and steeper slopes. To the north and northeast of the proposed AVA, elevations rise up to 8,000 feet along the edge of the Mongollon Rim. To the west and southwest of the proposed AVA are the Black Mountains, which have steep slopes and elevations up to approximately 7,800 feet.

According to the petition, the proposed Verde Valley AVA's topography affects viticulture. Gentle slopes allow for easier vineyard management than steep slopes. Furthermore, because the proposed AVA is lower than the surrounding regions, cold air drains from the higher elevations into the proposed AVA during the spring and fall. As a result, the risk of frost damage increases in the proposed AVA, particularly in vineyards adjacent to the river. The petition states that vineyard owners attempt to mitigate the risk of frost by using inversion fans and protective sprays and by planting late-budding varieties of grapes.

Summary of Distinguishing Features

The evidence provided in the petition indicates that the climate, soil, and topography of the proposed Verde Valley AVA distinguish it from the surrounding regions in each direction. The following table summarizes the features of the proposed AVA and the surrounding regions.

Summary of Distinguishing Features			
Region	Climate	Soils	Topography
Proposed Verde Valley AVA	Average of 13.83 inches of rain annually; average GDD accumulations of 5,580; hot summers and moderate winters; growing season diurnal temperature	Alluvial soils composed of loams ranging from very fine sandy loams to gravelly loams with silt and limestone	Gentle slopes with angles of 2 to 15 percent; elevations between 3,000 and 5,000 feet

	swings of 30 degrees or higher		
North	Higher annual rainfall amounts; lower GDD accumulations; cooler summers and colder winters; smaller diurnal temperature difference swings	Stony soils primarily of the Brollar stony loam and Siesta stony silt series	Steep slopes with elevations up to 8,000 feet
East	Higher annual rainfall amounts; lower GDD accumulations; cooler summers and colder winters; smaller diurnal temperature difference swings	Stony soils primarily of the Broliar stony loam and Siesta stony silt series	Steep slopes with elevations up to 8,000 feet
South	Higher annual rainfall amounts; lower GDD accumulations; cooler summers and moderate winters; smaller diurnal temperature difference swings	Stony soils primarily of the Broliar very stony clay loam, Soldier cobbly loam, Lonti-Wineg, and Lynx series	Steep slopes with elevations up to 7,800 feet
West	Higher annual rainfall amounts; lower GDD accumulations; cooler summers and moderate winters; smaller diurnal temperature difference swings	Stony soils primarily of the Broliar very stony clay loam, Soldier cobbly loam, Lonti-Wineg, and Lynx series	Steep slopes with elevations up to 7,800 feet

TTB Determination

TTB concludes that the petition to establish the approximately 200-square mile Verde Valley AVA merits consideration and public comment, as invited in this proposed rule.

Boundary Description

See the narrative description of the boundary of the petitioned-for AVA in the proposed regulatory text published at the end of this proposed rule.

Maps

The petitioner provided the required maps, and they are listed below in the proposed regulatory text. You may also view the proposed Verde Valley AVA boundary on the AVA Map Explorer on the TTB website, at <https://www.ttb.gov/wine/ava-map-explorer>.

Impact on Current Wine Labels

Part 4 of the TTB regulations prohibits any label reference on a wine that indicates or implies an origin other than the wine's true place of origin. For a wine to be labeled with an AVA name, at least 85 percent of the wine must be derived from grapes grown within the area represented by that name, and the wine must meet the other conditions listed in § 4.25(e)(3) of the TTB regulations (27 CFR 4.25(e)(3)). If the wine is not eligible for labeling with an AVA name and that name appears in the brand name, then the label is not in compliance and the bottler must change the brand name and obtain approval of a new label. Similarly, if the AVA name appears in another reference on the label in a misleading manner, the bottler would have to obtain approval of a new label. Different rules apply if a wine has a brand name containing an AVA name that was used as a brand name on a label approved before July 7, 1986. See § 4.39(i)(2) of the TTB regulations (27 CFR 4.39(i)(2)) for details.

If TTB establishes this proposed AVA, its name, “Verde Valley,” will be recognized as a name of viticultural significance under § 4.39(i)(3) of the TTB regulations (27 CFR 4.39(i)(3)). The text of the proposed regulation clarifies this point. Consequently, if this proposed rule is adopted as a final rule, wine bottlers

using the name “Verde Valley” in a brand name, including a trademark, or in another label reference as to the origin of the wine, would have to ensure that the product is eligible to use the AVA name as an appellation of origin.

Public Participation

Comments Invited

TTB invites comments from interested members of the public on whether it should establish the proposed AVA. TTB is also interested in receiving comments on the sufficiency and accuracy of the name, boundary, soils, climate, and other required information submitted in support of the petition. Please provide any available specific information in support of your comments.

Because of the potential impact of the establishment of the proposed Verde Valley AVA on wine labels that include the term “Verde Valley,” as discussed above under **Impact on Current Wine Labels**, TTB is particularly interested in comments regarding whether there will be a conflict between the proposed area name and currently used brand names. If a commenter believes that a conflict will arise, the comment should describe the nature of that conflict, including any anticipated negative economic impact that approval of the proposed AVA will have on an existing viticultural enterprise. TTB is also interested in receiving suggestions for ways to avoid conflicts, for example, by adopting a modified or different name for the AVA.

Submitting Comments

You may submit comments on this proposed rule by using one of the following three methods (please note that TTB has a new address for comments submitted by U.S. Mail):

- *Federal e-Rulemaking Portal:* You may send comments via the online comment form posted with this proposed rule within Docket No. TTB–2020–0002 on “Regulations.gov,” the Federal e-rulemaking portal, at <http://www.regulations.gov>. A direct link to that docket is available under Notice No. 187 on the TTB Web site at <https://www.ttb.gov/wine/wine-rulemaking.shtml>. Supplemental files may be attached to comments submitted via Regulations.gov. For complete instructions on how to use Regulations.gov, visit the site and click on the “Help” tab.

- *U.S. Mail:* You may send comments via postal mail to the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Box 12, Washington, DC 20005.

- *Hand Delivery/Courier:* You may hand-carry your comments or have them hand-carried to the Alcohol and Tobacco Tax and Trade Bureau, 1310 G Street, NW., Suite 400, Washington, DC 20005.

Please submit your comments by the closing date shown above in this proposed rule. Your comments must reference Notice No. 187 and include your name and mailing address. Your comments also must be made in English, be legible, and be written in language acceptable for public disclosure. TTB does

not acknowledge receipt of comments, and TTB considers all comments as originals.

In your comment, please clearly indicate if you are commenting on your own behalf or on behalf of an association, business, or other entity. If you are commenting on behalf of an entity, your comment must include the entity's name, as well as your name and position title. If you comment via Regulations.gov, please enter the entity's name in the "Organization" blank of the online comment form. If you comment via postal mail or hand delivery/courier, please submit your entity's comment on letterhead.

You may also write to the Administrator before the comment closing date to ask for a public hearing. The Administrator reserves the right to determine whether to hold a public hearing.

Confidentiality

All submitted comments and attachments are part of the public record and subject to disclosure. Do not enclose any material in your comments that you consider to be confidential or inappropriate for public disclosure.

Public Disclosure

TTB will post, and you may view, copies of this proposed rule, selected supporting materials, and any online or mailed comments received about this proposal within Docket No. TTB–2020–0002 on the Federal e-rulemaking portal, Regulations.gov, at <https://www.regulations.gov>. A direct link to that docket is available on the TTB Web site at <https://www.ttb.gov/wine/wine-rulemaking.shtml> under Notice No. 187. You may also reach the relevant docket through the

Regulations.gov search page at <https://www.regulations.gov>. For information on how to use Regulations.gov, click on the site's "Help" tab.

All posted comments will display the commenter's name, organization (if any), city, and State, and, in the case of mailed comments, all address information, including e-mail addresses. TTB may omit voluminous attachments or material that the Bureau considers unsuitable for posting.

You may also view copies of this proposed rule, all related petitions, maps and other supporting materials, and any electronic or mailed comments that TTB receives about this proposal by appointment at the TTB Information Resource Center, 1310 G Street, NW., Suite 400, Washington, DC 20005. You may also obtain copies at 20 cents per 8.5- x 11-inch page. Please note that TTB is unable to provide copies of USGS maps or any similarly-sized documents that may be included as part of the AVA petition. Contact TTB's Regulations and Rulings Division at the above address, by e-mail using the web form at <https://www.ttb.gov/contact-rrd>, or by telephone at 202-453-1039, ext. 175, to schedule an appointment or to request copies of comments or other materials.

Regulatory Flexibility Act

TTB certifies that this proposed regulation, if adopted, would not have a significant economic impact on a substantial number of small entities. The proposed regulation imposes no new reporting, recordkeeping, or other administrative requirement. Any benefit derived from the use of an AVA name would be the result of a proprietor's efforts and consumer acceptance of wines from that area. Therefore, no regulatory flexibility analysis is required.

Executive Order 12866

It has been determined that this proposed rule is not a significant regulatory action as defined by Executive Order 12866 of September 30, 1993. Therefore, no regulatory assessment is required.

Drafting Information

Karen A. Thornton of the Regulations and Rulings Division drafted this proposed rule.

List of Subjects in 27 CFR Part 9

Wine.

Proposed Regulatory Amendment

For the reasons discussed in the preamble, TTB proposes to amend title 27, chapter I, part 9, Code of Federal Regulations, as follows:

PART 9—AMERICAN VITICULTURAL AREAS

1. The authority citation for part 9 continues to read as follows:

Authority: 27 U.S.C. 205.

Subpart C—Approved American Viticultural Areas

2. Subpart C is amended by adding § 9._____ to read as follows:

§ 9._____ Verde Valley.

(a) *Name.* The name of the viticultural area described in this section is “Verde Valley”. For purposes of part 4 of this chapter, “Verde Valley” is a term of viticultural significance.

(b) *Approved maps.* The 9 United States Geological Survey (USGS) 1:24,000 scale topographic maps used to determine the boundary of the Verde Valley viticultural area are titled:

- (1) Camp Verde, Ariz., 1969;
- (2) Clarkdale, Ariz., 1973;
- (3) Cornville, Ariz., 1968;
- (4) Cottonwood, Ariz., 1973;
- (5) Lake Montezuma, Ariz., 1969;
- (6) Middle Verde, Ariz., 1969;
- (7) Munds Draw, Ariz., 1973;
- (8) Page Springs, Ariz., 1969; and
- (9) Sedona, Ariz., 1969.

(c) *Boundary.* The Verde Valley viticultural area is located in Yavapai County, Arizona. The boundary of the Verde Valley viticultural area is as described below:

- (1) The beginning point of the boundary is at the intersection of the 3,800-foot elevation contour and the northern boundary of Section 32, T17N/R3E, on the Clarkdale Quadrangle. From the beginning point, proceed east along the northern boundary of Section 32 until its intersection with the Verde River; then
- (2) Proceed north along the Verde River to its intersection with the western boundary of Section 21, T17N/R3E; then
- (3) Proceed north along the western boundaries of Sections 21 and 16 to the intersection with the 3,800-foot elevation contour; then

(4) Proceed southerly then easterly along the 3,800-foot elevation contour, crossing onto the Page Springs Quadrangle, to its intersection with Bill Gray Road in Section 18, T16N/R4E; then

(5) Proceed north along Bill Gray Road to its intersection with an unnamed, unimproved road known locally as Forest 761B Road in Section 32, T17N/R4E; then

(6) Proceed east, then northeast, along Forest 761B Road to its intersection with Red Canyon Road in Section 26, T17N/R4E; then

(7) Proceed south along Red Canyon Road to its intersection with U.S. Highway 89 Alt. in Section 35, T17N/R4E; then

(8) Proceed east over U.S. Highway 89 Alt. in a straight line to and unnamed, unimproved road known locally as Angel Valley Road, and proceed southeasterly along Angel Valley Road as it becomes a light-duty road, crossing over Oak Creek, and continuing along the southernmost segment of Angel Valley Road to its terminus at a structure on Deer Pass Ranch in Section 12, T16N/R4E; then

(9) Proceed south in a straight line to the 3,800-foot elevation contour in Section 12, T16N/R4E; then

(10) Proceed south-southeasterly along the 3,800-foot elevation contour, crossing over the southwestern corner of the Sedona Quadrangle and onto the Lake Montezuma Quadrangle, to the intersection of the contour line with an unnamed creek in Section 6, T15N/R5E; then

(11) Proceed southwesterly along the unnamed creek until its intersection with the 3,600-foot elevation contour in Section 1, T15N/R4E; then

(12) Proceed southerly along the 3,600-foot elevation contour, crossing briefly onto the Cornville Quadrangle and then back onto the Lake Montezuma Quadrangle, to the intersection of the elevation contour with an unnamed secondary highway known locally as Cornville Road in Section 7, T15N/R5E; then

(13) Proceed southeast along Cornville Road to its intersection with the 3,600-foot elevation contour in Section 20, T15N/R5 E; then

(14) Proceed easterly, then southerly, along the elevation contour to its intersection with the boundary of the Montezuma Castle National Monument in Section 36, T15N/R5E; then

(15) Proceed west, southeast, southwest, and then east along the boundary of the Montezuma Castle National Monument to its intersection with range line separating R5E and R6E; then

(16) Proceed south along the R5E/R6E range line, crossing onto the Camp Verde Quadrangle, to the intersection of the range line and the southeastern corner of Section 12, T14N/R5E; then

(17) Proceed west along the southern boundaries of Sections 12, 11, 10, and 9 to the intersection of the southern boundary of Section 9 and the Montezuma Castle National Monument; then

(18) Proceed along the boundary of the Montezuma Castle National Monument in a counterclockwise direction to the intersection of the monument boundary and the 3,300-foot elevation contour in Section 16, T14N/R5E; then

(19) Proceed southerly, then southeasterly, along the 3,300-foot elevation contour to its intersection with the eastern boundary of Section 18, T13N/R6E; then

(20) Proceed south along the eastern boundary of Section 18 to its intersection with the southern boundary of Section 18; then

(21) Proceed west along the southern boundaries of Sections 19, 13, 14, 15, 16, 17, and 18, T13N/R53, and Section 13, T13N/R4E, to the intersection with the 3,800-foot elevation contour in Section 13, T13N/R4E; then

(22) Proceed northwesterly along the 3,800-foot elevation contour, crossing over the Middle Verde and Cornville Quadrangles and onto the Cottonwood Quadrangle, to the intersection of the elevation contour with an unnamed creek in Del Monte Gulch in Section 5, T15N/R3E; then

(23) Proceed westerly along the unnamed creek to its intersection with the 5,000-foot elevation contour in Section 26, T16N/R2E; then

(24) Proceed northerly along the 5,000-foot elevation contour, crossing over the Clarkdale Quadrangle and onto the Munds Draw Quadrangle, to the intersection of the elevation contour with a pipeline in Section 4, T16N/R2E; then

(25) Proceed southeasterly along the pipeline, crossing onto the Clarkdale Quadrangle, and continuing northeasterly along the pipeline to its intersection with the 3,800-foot elevation contour in Section 32, T17N/R3E; then

(26) Proceed northerly along the 3,800-foot contour, returning to the beginning point.

Signed: November 26, 2019.

Mary G. Ryan,

Acting Administrator.

Approved: February 4, 2020.

Timothy E. Skud,

*Deputy Assistant Secretary
(Tax, Trade, and Tariff Policy).*

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